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15th Legislative Assembly of the Northwest Territories

Standing Committee on Accountability and Oversight

Report on the Review
of Bill 6, *An Act to Amend the Payroll Tax Act, 1993* and the *Income Tax Act*

Chair: Mr. Kevin Menicoche

105-00492/

Northwest Territories Legislative Assembly
Standing Committee on Accountability and Oversight

MAY 27 2004

SPEAKER OF THE LEGISLATIVE ASSEMBLY

Mr. Speaker:

Your Standing Committee on Accountability and Oversight is pleased to provide its Report on the Review of Bill 6, *An Act to Amend the Income Tax Act, 1993* and the *Income Tax Act*.

K Menicoche

Kevin Menicoche, MLA
Chairperson

P.O. Box 1320
Yellowknife
Northwest Territories
X1A 2L9
T: (867) 669-2299
F: (867) 873-0432
www.assembly.gov.nt.ca

MEMBERS OF THE STANDING COMMITTEE ON ACCOUNTABILITY AND OVERSIGHT

Kevin Menicoche
MLA Nahendeh
Chair

Robert Hawkins
MLA Yellowknife Centre
Deputy Chair

Roger Allen
MLA Inuvik Twin Lakes

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MLA Hay River North

Calvin Pokiak
MLA Nunakput

Norman Yakeleya
MLA Sahtu

STAFF MEMBERS

Doug Schauerte
Deputy Clerk

Colette Langlois
Director, Research Services

Susan Martin
Committee Researcher

STANDING COMMITTEE ON ACCOUNTABILITY AND OVERSIGHT
AN ACT TO AMEND THE PAYROLL TAX ACT, 1993 AND THE INCOME TAX ACT

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The Standing Committee on Accountability and Oversight is pleased to report on its review of Bill 6, *An Act to Amend the Payroll Tax Act, 1993 and the Income Tax Act*.

The Committee held public hearings on May 20 and 21, 2004 in Yellowknife. The Committee would like to thank the NWT Seniors' Society for their presentation, and the NWT Chamber of Commerce, NWT & Nunavut Chamber of Mines and the NWT Construction Association for their joint written submission. The Committee would also like to thank the Minister and his staff for presenting the Bill.

Bill 6 is the final piece of legislation needed to put into effect the revenue initiatives announced in the 2004-2005 Budget Address. Bill 6 will increase the payroll tax from 1% to 2%, increase cost of living tax credits, and reduce the personal income tax rate on the lower two income brackets. Bills 2 and 3, which were passed earlier this year increased the large corporate tax rate and the personal income tax rates for the top two income brackets. The Committee was advised by Department of Finance staff that, even including the payroll tax, the NWT's top personal income tax rate will still be one of the four lowest in Canada.

The combination of revenue measures represented by Bill 2, Bill 3 and Bill 6 will help to address the NWT's need to keep up with the tax efforts of other provinces

and territories. The consequences of not keeping up are that the NWT would be penalized in its formula funding deal with Ottawa.

The increase to the payroll tax is primarily intended to allow the GNWT to collect more revenue from individuals who work in the NWT, but who reside and file their income taxes in other parts of Canada. The numbers of these "fly-in fly-out" workers are steadily increasing as more resource developments come onstream, and it is expected that there will be a significant spike with the construction of a Mackenzie Valley pipeline. Bill 6 will help to position the GNWT for increased resource development, although revenues from the payroll tax will continue to be modest unless and until the construction phase of the Mackenzie Valley pipeline begins.

The changes to the cost of living tax credits and the personal income tax rates for the lower two brackets are intended to partially offset the payroll tax increase for NWT residents. The Committee commissioned independent research to gauge the combined impact of Bill 3 and Bill 6 on resident taxpayers in several different scenarios. The findings are appended to this report. While the scenarios outlined are somewhat simplistic, they do confirm that lower and middle income wage earners will see modest net reductions in their overall income tax as a result of Bill 6.

Some residents with higher incomes will see a net loss as the higher tax credits and lower personal income tax rates will only partially offset the payroll tax increase for them. Taxpayers whose income comes from sources other than wages, such as pensions or self-employment, will see a net gain of as much as $800 because they will benefit from the changes to tax credits and tax rates although their income sources are not subject to the increased payroll tax.

Although some middle and high-income earners will see net losses in their take-home pay, the number of residents who will gain from these changes outnumbers those who will lose some income. In this context, those people who have fewer options to deal with the high cost of living in the NWT will be a little better off.

Although Bill 6 will directly benefit many lower and middle income earners, some Committee Members stressed that tax increases cannot be looked at in isolation, but must be considered in the context of the high northern cost of living. Similar concerns were also raised in both submissions the Committee received. The NWT Chamber of Commerce, NWT & Nunavut Chamber of Mines and NWT Construction Association suggested that an increasingly unattractive tax burden will make recruiting and retaining skilled and professional workers to the NWT even more difficult than it already is. The NWT Seniors' Society raised concerns that any tax reductions lower and middle income earners receive as a result of

this Bill could be more than offset by increases to the cost of living that result from a higher payroll tax.

The clause by clause review of Bill 6 took place on May 21. Two amendments of a minor and technical nature were agreed to at that time.

Following the Committee's review, a motion was carried to report Bill 6, *An Act to Amend the Payroll Tax Act, 1993 and the Income Tax Act*, to the Assembly as ready for Committee of the Whole as amended and reprinted.

Report on the Review of Bill 6, *An Act to Amend the Payroll Tax Act, 1993* and the *Income Tax Act*

APPENDIX 1
WRITTEN SUBMISSIONS

NWT SENIORS' SOCIETY

May 20, 2004

Chairperson
Standing Committee on Accountability
And Oversight
Government of the NWT
P. O. Box 1320
Yellowknife, NT X1A 2L9

Dear Sir:

On behalf of the NWT Seniors' Society please accept our submission to the Committee on the public review of An Act to Amend the Payroll Tax Act, 1993 and The Income Tax Act at the Legislative Assembly on May 20, 2004.

I am unable to attend, due to budget restrictions, to make this presentation. Our Executive Director, Barbara Hood, will represent our interests and be prepared to answer questions about our concerns.

If you wish to contact me directly please do so by calling 872-2080. Thank you for your consideration of our recommendations in your review process.

Yours sincerely,

Beatrice Campbell
President

Attachment

#3, 5710-50th Avenue Yellowknife, NT X1A 1G1
tel: (867) 920-7444 fax: (867) 873-4318
email: seniors@tamarack.nt.ca

Submission to Standing Committee on Accountability and Oversight

An Act to Amend the Payroll Tax Act, 1993 and The Income Tax Act

By

Barbara Hood, Executive Director
NWT Seniors' Society
May 20, 2004

On behalf of the NWT Seniors' Society, I would like to thank you for the opportunity to provide this submission during the public review of Bill 6, An Act to Amend the Payroll Tax Act, 1993 and the Income Tax Act.

I would like to provide some background for my submission. Members of the Board of Directors met with the Chairperson, Minister's Advisory Committee on Personal Income Taxation Standing Committee on Governance and Economic Development, a couple of years ago. They also made a written submission to the Chairperson, Standing Committee on Governance and Economic Development in July 2001.

NWT Seniors' Society does not have the capacity to carry out independent research in the specific areas being discussed today. We must rely on the expertise and resources within all levels of government to provide accurate information. We ask that in your work you consider how changes in legislation in one area can impact other areas. Ultimately, we ask special consideration for those people in the North who must survive on a fixed, low income often below the poverty level.

As an organization with representation throughout the North and having a 21 year history in this jurisdiction, we do speak on behalf of older adults from Tuktoyaktuk to Fort Smith. We will present our concerns and identify how changes to the government structures can have a negative impact on the constituents we represent.

Our submissions in the past have focused on the difficulties encountered by seniors and older adults who are trying to live on a fixed income. In addition to the obvious difficulties faced by people in every age group, older adults are particularly disadvantaged.

Some older adults with low incomes, senior and elders cannot usually improve their financial situation by training, employment or in other ways. Yet they must pay the same prices as others for staple nutritional food, fuel, transportation and housing.

In your decision-making, please consider that one outcome of the Payroll Tax increases will be the increased costs transferred to the consumer. Older adults are consumers and contribute to the system in many ways.

Recommendations:

1. The NWT Seniors' Society supports looking at other avenues to raise revenue, in particular the ongoing discussions with the Federal Government to increase the resource sharing base. Although I cannot site specific research to support this statement, we know that often when taxes are increased, the impact at the broader consumer level far exceeds the percentage of increase to the individual.

2. The NWT Seniors' Society also supports a reduction in clawbacks applied because of the income thresholds used at many program and government levels. The system should eliminate any disincentives. We would ask that you ensure in your work that you dedicate yourself to increasing independence and quality of life for older adults. Many older adults are prohibited from contributing and supplementing their pensions because GIS, GST and NWT Seniors' Supplement payments are reduced when they earn over the established income threshold for each program. Making changes like this will, undoubtedly, require further consultation and co-ordination with Federal Government programs and services.

In addition, income thresholds can be used to the disadvantage of older adults when they are used to determine eligibility for some GNWT programs. In particular, when considering whether an older adult qualifies for benefits with the Housing Corporation or Local Housing Authorities, household income can be highly inflated when older adults must declare all income received by earners in the household. This is not disposable income for the older adult. Also, costs for food, transportation and services are not considered. There is a huge difference, as we all know, when you look at your Income Tax form and compare Gross and Net Incomes. Older adults cannot continue to bear the burden of living in the North without some exemptions or special considerations.

3. Further, NWT Seniors' Society promotes exemptions and special consideration for older adults who are making less than $20,000.00/year. Federal and territorial research shows that single females who did not participate in the workforce, dropped out during child rearing years, or who earned far less than their male counterparts, are receiving less than $12,000.00/year. It is an impossible struggle to try to balance and often there are tradeoffs - – nutritional food, heating fuel, or special medical devices or supports.

4. NWT Seniors' Society would like all government departments to co-ordinate benefits to older adults and consider the tax implications when changes are made to programs which were to provide a non-taxable benefit . One example is proposed changes to the Seniors Fuel Subsidy Program. That program is moving to a cash pay out, twice a year, for fuel. This benefit has always been non-taxable. Will it remain non-taxable when the older adult receives a cash payment for their fuel? This is just one example where interdepartmental co-ordination and ongoing consultation with the consumer group affected by these changes is required.

Finally, it is our belief that no organization, be it government or otherwise, support any structure that further abuses or causes hardship for any senior. No senior should spend their final days scrambling to pull themselves above the poverty line.

Thank you for your time and consideration of our concerns.

Suite #302 - Igloo Plaza, Box 13 - YK Centre
4910-50th Avenue, Yellowknife, NT X1A 3S5
Phone: 867-920-9505 • Fax: 867-873-4174
Email: admin@nwtchamber.com • Website: www.nwtchamber.com

"Representing Northern Business Since 1973"

May 20, 2004

Mr. Kevin Menicoche
Chairman, Standing Committee on Accountability and Oversight
GNWT Legislative Assembly

BY FAX to 873 0432, 2 pages

Dear Chairman Menicoche :

RE : Public Review – Bill 6, Amendments to Payroll Tax and Income Tax Acts

The NWT Chamber of Commerce appreciates the opportunity to offer our comments on the proposed amendments to the above Acts, as outlined in Finance Minister Floyd Roland's Budget Address to the 15th Legislative Assembly on March 17, 2004. Having missed a previous opportunity to provide our comments, we are today addressing the cumulative effect of Bills 3 and 6.

We have spoken with our members, as well as other organizations like the NWT & Nunavut Chamber of Mines and the NWT Construction Association. As you will hear from our comments below, members of both organizations share common concerns with the proposed payroll and income tax changes. Authorized representatives of our groups have signed this document as testament to our shared issues.

Firstly, we support in principle the efforts of the GNWT to maintain a balanced budget. Living today off the backs of future generations is not viable. Governments that have attempted this before have now realized fiscal responsibility is paramount to the ongoing, long-term economic well-being of citizens.

We believe increasing tax rates on higher wage earners unfairly targets the more highly skilled and educated workers in the North. These are the leaders of the Northern workforce, with University level education or trades training and strong work experience. These people are often used to fill higher level positions within government and the private sector, and who often find themselves responsible for training Northern workers.

We are sending the wrong message to these people, in terms of workplace attraction, by increasing their taxes. The NWT is having difficulty attracting the nurses, plumbers, electricians, and other skilled workers required by our busy economy – labour markets are already tight and forecast to get even tighter. At the same time, taxes in some jurisdictions are decreasing, or will decrease in the future. The NWT will be less attractive than other jurisdictions when employers are recruiting skilled and educated people. To the high cost of living in the North will be added an increasingly unattractive tax burden from an employee's tax perspective.

.../2

This instability in labour markets affects existing businesses in their ability to attract, bid on, and take on more work. It also affects potential new businesses in the North, that look for stability and consistency in tax regimes when deciding where their opportunities lie. With volatile markets for the price of many project raw materials – oil and gas, lumber, steel – it is crucial that a positive and stable business environment be maintained. Volatility in tax structures detracts from such an environment.

We are also concerned that the cumulative effect of the tax increases and offsetting credits is only marginally revenue positive – by the GNWT's own calculations, although the payroll tax increase will raise $12 million, and higher personal income tax rates will raise almost another $1 million, the net gain in revenue after factoring in offsetting credits and other tax adjustments is only $2.7 million. If taxes must be adjusted, a single adjustment is easier to deal with.

We encourage the GNWT to work with the business community to send the right message to workers needed by industry, and to businesses looking for opportunity. It is vital to involve groups with vested interests in the long term, sustainable economic development of the NWT in pre-budget discussions , and we look forward to this ongoing consultation with the GNWT.

We offer our assistance in finding acceptable solutions to fiscal issues, including the Federal formula financing agreement that needs to be upgraded as the development of the rich natural resources of the NWT moves us into a new era of contribution to Canada. We need look no further than the expected announcement of the beginning of the final phase of construction of Highway 3 – a direct result of the NWT Business Coalition lobbying efforts for more infrastructure funding from Ottawa - to appreciate the value of business input.

Chairman Menicoche, on behalf of our organizations below, again thank you for your attention.

Sincerely,

Mark Walker
President
NWT Chamber
of Commerce

Mike Vaydik
General Manager
NWT & Nunavut Chamber
of Mines

Don Worrall
Executive Director
NWT Construction
Association

Report on the Review of Bill 6, *An Act to Amend the Payroll Tax Act, 1993* and the *Income Tax Act*

APPENDIX 2
TRANSCRIPTS OF PROCEEDINGS

Northwest Territories Legislative Assembly

Standing Committee on Accountability and Oversight

Public Review of Bill 6,
An Act to Amend the Payroll Tax Act, 1993
and the Income Tax Act

Chair: Mr. Kevin Menicoche, MLA

STANDING COMMITTEE ON ACCOUNTABILITY AND OVERSIGHT

Chairman

Mr. Kevin Menicoche, MLA, Nahendeh

Members

Mr. Robert Hawkins, MLA, Yellowknife, Deputy Chair
Mr. Bill Braden, MLA, Great Slave
Mr. Paul Delorey, MLA, Hay River North
Mrs. Jane Groenewegen, MLA, Hay River South
Ms. Sandy Lee, MLA, Range Lake
Mr. David Ramsay, MLA, Kam Lake
Mr. Robert Villeneuve, MLA, Tu Nedhe

Witnesses

Hon. Floyd Roland, Minister of Finance
Ms. Margaret Melhorn, Deputy Minister, Finance
Mr. John Monroe, Director, Fiscal Policy, Finance
Mr. Gerry Gagnon, Manager, Tax Policy, Fiscal Policy, Finance
Ms. Rebecca Veinott, Registrar of Regulations, Legislation Division, Justice
Ms. Kathy Bentley, Executive Assistant to the Minister
Ms. Barbara Hood, NWT Seniors' Society
Mrs. Esther Braden, NWT Seniors' Society

Committee Staff

Mr. Doug Schauerte, Committee Clerk
Ms. Karen Lajoie, Deputy Law Clerk
Ms. Colette Langlois, Director of Research

STANDING COMMITTEE ON ACCOUNTABILITY AND OVERSIGHT
Public Review of Bill 6, An Act to Amend the Payroll Tax Act, 1993 and the Income Tax Act
May 20, 2004
Committee Room "A"
1:55 p.m.

CHAIRMAN (Mr. Menicoche): Good afternoon, ladies and gentlemen. We will convene the public hearing on Bill 6 with the Standing Committee on Accountability and Oversight. My name is Kevin Menicoche. I am the MLA of Nahendeh and Chair of the Standing Committee on Accountability and Oversight. We will begin with some introductions of members of the committee, starting to the far right over here.

MR. VILLENEUVE: Bob, Tu Nedhe.

---Laughter

MRS. GROENEWEGEN: Jane Groenewegen, MLA for Hay River South.

MS. LEE: Sandy Lee, MLA for Range Lake.

MR. BRADEN: Bill Braden, MLA for Great Slave.

MR. RAMSAY: Dave Ramsay, MLA for Kam Lake.

MR. DELOREY: Paul Delorey, MLA for Hay River North.

CHAIRMAN (Mr. Menicoche): Mr. Hawkins is also in attendance at this meeting, Member for Yellowknife Centre. We will introduce the staff as well.

MR. SCHAUERTE: Doug Schauerte, deputy clerk.

MS. LANGLOIS: Colette, director of research.

MS. LAJOIE: Karen Lajoie, Deputy Law Clerk.

CHAIRMAN (Mr. Menicoche): Thank you very much. Before us, we have the Minister of Finance. Perhaps you can introduce yourself.

HON. FLOYD ROLAND: Thank you, Mr. Chairman. I am Floyd Roland, MLA of Inuvik Boot Lake. To my immediate right is Mr. John Monroe, director of fiscal policy. To my immediate left is Deputy Minister Margaret Melhorn. Further to the left is Gerry Gagnon. He is the manager of tax policy. We also have with us Rebecca Veinott from the Department of Justice. As well, my executive assistant, Kathy Bentley.

CHAIRMAN (Mr. Menicoche): Thank you very much, Mr. Minister. We will give you the floor for opening remarks with regard to Bill 6.

Minister's Opening Comments

HON. FLOYD ROLAND: Thank you, Mr. Chairman, for the opportunity to present Bill 6, the government's proposed changes to the Payroll Tax Act and Income Tax Act, to the standing committee. In my budget address, I proposed an increase to the payroll tax rate from one percent to two percent effective January 1, 2005. To minimize the negative impacts of this change to lower income NWT residents, I propose that the personal income tax rate for the lowest bracket be decreased from 7.2 percent to 5.9 percent and the second lowest tax bracket be decreased from 9.9 percent to 8.6 percent, also as of January 1, 2005.

Furthermore, the cost of living tax credit will be increased from 1.6 percent to 2.6 percent of income up to $12,000, and the minimum credit will be increased from $250 to $350 for singles and from $500 to $700 for couples. Bill 6 will accomplish these measures.

These tax measures will be effective in 2005. Because of this, the federal Minister of National Revenue will need to be advised of the changes to the Income Tax Act before October 15th of this year so they can be administered by Canada Revenue Agency. In order for these changes to be implemented, they must be enacted by that date.

These tax measures are part of the package of revenues and spending measures necessary to meet our target of a balanced budget by 2006-2007. The change to the payroll tax rate from one percent to two percent is expected to raise approximately $13.9 million annually. This would be partially offset by $3.2 million increase in the cost of living tax credit and $7.9 decrease in personal income tax revenues. The inter-relationship between the payroll tax, personal income tax, and cost of living tax credit means that some taxpayers will benefit from the changes and some will lose. Although each taxpayer's circumstances are unique, it is expected that most of those that have a total income of less than $66,000 and those who are self-employed or receiving pension income will benefit, while non-residents and most of those in the higher tax brackets will see an increase in tax paid.

The GNWT stands to generate significant payroll tax revenues from the construction phase of the proposed Mackenzie Valley pipeline. It is estimated that labour income from this project over a 31-year period could be $2.5 billion. Although some of the payroll tax gains will be offset by increased cost of living tax credit payments, the offset depends on the number of workers who make the NWT their home. These measures are necessary for long-term fiscal stability. They will contribute to our government's balanced approach to tackling our fiscal challenges, that is both spending reallocations and revenue initiatives. These measures, coupled with the previous two revenue initiatives, enacted in March, indicate that we are not relying solely on increased federal

support to address our fiscal challenges but recognize that we must bear some of the riding costs of the programs and services that we receive.

Bill 6 was prior to the enactment of Bill 3 and did not presume that Bill 3 would be passed. Bill 6, therefore, duplicates some of the technical changes made in Bill 3. Subsequent to Bill 6 receiving second reading, Bill 3 was enacted. The portion of Bill 6 that duplicates those changes in Bill 3 is not required. Two motions removing the unnecessary portions of Bill 6 have been prepared for the committee's consideration. Thank you, Mr. Chairman. I would be pleased to answer any questions the committee has on these measures.

CHAIRMAN (Mr. Menicoche): Thank you very much, sir. The floor is open. Mr. Ramsay.

MR. RAMSAY: Thank you, Mr. Chairman. I was just wondering what, if any, research this department has conducted in terms of what impact this might have on recruitment of nurses, doctors, and other skilled trades people who the Northwest Territories is trying to attract, and how increasing the tax in the higher brackets and the payroll tax will have an impact on how it is we can recruit and even retain the folks that we have in place today. I am wondering if the department has done any research at all on what that impact might be.

CHAIRMAN (Mr. Menicoche): Thank you, Mr. Ramsay. Mr. Roland.

HON. FLOYD ROLAND: Thank you, Mr. Chairman. Mr. Chairman, we have done work in estimating the incomes of residents in the North based on total taxable income. We haven't specifically gone through and looked at a nurse's salary, what level salary they have and the amount of deductions that they can claim before taxes. I wouldn't have that information available, but I will ask Ms. Melhorn if she has any further details to that.

CHAIRMAN (Mr. Menicoche): Ms. Melhorn.

MS. MELHORN: With these changes and with the change to the higher income tax rates that were enacted in March, the NWT still has a relatively low...The highest marginal tax rate, if you include the payroll tax increase, in addition to that, still puts us in a very favourable position with respect to other jurisdictions. In some jurisdictions it will be lower, such as Alberta that has fiscal capacity to have very low tax rates.

CHAIRMAN (Mr. Menicoche): Thank you very much. Mr. Ramsay.

MR. RAMSAY: Thank you, Mr. Chairman. I voted against the other bills that are tax initiatives in the last session. I plan to vote against this as well, being a new Member to this Legislative Assembly and not having had the opportunity to go through a business planning process. For two weeks after we got elected, we went through the drafting of estimates. It was basically a colossal waste of time. We didn't really gain anything.

There didn't really seem to be much of an appetite to make some substantive changes to try to cut some costs. Until I'm given an opportunity to have a look at the business plans to see as an organization where it is that I feel this government wastes money, I find it very hard to increase the cost of living to anybody who lives in the Northwest Territories. It is always the easiest thing for a government to do; to go into the pockets of its citizens to try to top up its coffers. I am not going to support this. I just want to be given ample opportunity to see what is out there, to see what other things we can tackle before we go back to the residents of this territory looking for more money. I think that is the wrong thing to do. Once the tax is in place, it is there. It is going to be almost impossible to get rid of it.

The other side of it, too, is I know the department talks of the revenue generation from this initiative. I will go back to the last session when we went through. The numbers changed almost mysteriously or magically from week to week or from meeting to meeting. I have trouble with believing the numbers that appear before us today, Mr. Chairman. I think we should seek a second opinion on what exactly these implications will be to the residents of the Northwest Territories, to those people who are going to be paying more in taxes. Thank you.

CHAIRMAN (Mr. Menicoche): Thank you, Mr. Ramsay. Care to comment, Mr. Roland?

HON. FLOYD ROLAND: Thank you, Mr. Chairman. I thank Mr. Ramsay for his straightforward comments. The taxes are always difficult to deal with when you are looking at increasing new or existing tax regimes. It is not something we looked at as a government in a sense of first choices. I did commit to Members of the Assembly that as we go through this next business plan cycle, which Members will have much more input on, there will be a significant area of reductions as stated. This first cycle, we've taken out $10 million, and we are coming back to the Assembly with the next $20 million, and then there will be $20 million on top of that. The numbers do change from time to time. The big impact that we had was on the federal government's agreement to not proceed with rebasing of our formula. That is the tax effort portion. That is the only reason. It was not because of new money. That is just a one-year window we have to try to fix our problems. That will come back around. Work is ongoing in that area.

There is a slight change in the numbers that we presented on Bill 6, as occur with the federal government and how we look at tax collection and working with them in accounting. We have also done a change in timing. The past exercises used to account for tax income from a prior year and sort of try to forecast that forward. Now we are doing things in the sense that we are measuring today's levels of income in implementing them, so it is much more forward on that portion. That is why you see a bit of an increase in what was presented previously. I can have Margaret and Gerry or John go into that detail if Members would like to know more in that area.

As I committed to earlier, in fact, it won't be very far from now that we will be sitting down and presenting Members with our fiscal forecast and some of the areas we are

looking at in the government in trying to come up with the next bit of savings that we need to find. Thank you.

CHAIRMAN (Mr. Menicoche): Thank you, Mr. Roland. Mr. Braden.

MR. BRADEN: Thank you, Mr. Chairman. The payroll tax is now 10 or 11 years old, Mr. Chairman. I recall when it was first rolled out in the Northwest Territories. Of course, it met with predictable lack of support. We continue to hear echoes of that today. I recall a couple of the bases of reason that it was brought in was, of course, recognizing that there were more and more non-resident workers using infrastructure in the NWT while not contributing to it. That was a way of capturing some of that value.

Call it a negative incentive, if you will, so that southern-based workers, knowing that they were losing a portion of their pay to the Northwest Territories, might consider that living in the North might be a good idea, and the tax then is something that they would look at retaining if they lived here. I am wondering now, 11 years later, if these original intents or assumptions about the tax are actually working for us. At the one percent rate, what evidence could the Minister provide that, yes, indeed, we are capturing substantial or tangible amounts of tax dollars from southern workers? Is there any evidence that it may have compelled any of them to actually live in the North, going back to those original premises and seeing how that tax is performing today? Thank you.

CHAIRMAN (Mr. Menicoche): Thank you very much, Mr. Braden. Mr. Roland.

HON. FLOYD ROLAND: Thank you, Mr. Chairman. I think there are a number of indicators that we could use in a sense of our collection and estimates that we have. Just in our main estimate process, we have identified the revenue that is generated from this area. As well, as you look at one of the areas that we collected statistics overall are the employment figures for the Northwest Territories. We have very low unemployment numbers in the larger centres. Our capacity in the Northwest Territories is referred to a number of times as limited in supplying the demand for more employees, as being stated by the larger companies that are doing business in the Northwest Territories. There are indicators that show, in fact, we are benefiting from what was done. How many individuals have decided to live in the North as a result of this decision on the tax side we haven't measured, but are indicated and say we are doing fairly healthy in that sense.

In the estimates we present here, showing about close to $2 million we feel will be netted from the fly-in and fly-out workers. I could have Ms. Melhorn provide a little more detail.

CHAIRMAN (Mr. Menicoche): Thank you, Mr. Roland. Mr. Braden, would you like more detail from Ms. Melhorn?

MR. BRADEN: Thank you, Mr. Chairman. Sure, if there are any other indicators or measurements, please. Thank you.

MS. MELHORN: I would just point to some of the statistics that we provided in annex to the budget address where we noted that, based on the 2002 tax data that we have which is the most recent data we have to work with, the payroll tax receipts suggest that employment income earned in the Northwest Territories was $1.2 billion, whereas the employment income on the personal income tax returns filed by NWT residents was $1 billion, showing that the payroll tax was capturing that additional $200 million in employment income that was not being captured by the personal income tax.

CHAIRMAN (Mr. Menicoche): Thank you very much, Ms. Melhorn. Mr. Braden.

MR. BRADEN: Thank you. I appreciate that. That is the kind of measurement that I would like to have available in making some decisions about this and in answering questions from constituents, which is part of what I'm doing here.

The taxes are tapping about $200 million in wages from the 2002 tax year. I wonder if the Minister could give us a bit of a picture, some forecasts in the short term, say the next three to five years, and maybe leading up to what we might anticipate off the pipeline payroll. What kind of net revenues could we see from the payroll tax over that five-year picture? Thank you.

CHAIRMAN (Mr. Menicoche): Thank you very much, Mr. Braden. Mr. Roland.

HON. FLOYD ROLAND: Thank you, Mr. Chairman. There has been some work done going forward, and, in particular, looking at the potential that is there through the pipeline development and construction and, as I stated in my opening comments, taking into account the long process of not only construction but some of the newer jobs that would be created through that process. We have looked at employment numbers and what type of numbers that would add up to in the sense of our Northwest Territories workforce. Right now, our estimates show that the pipeline will comprise about 43 percent of the NWT workforce during the life of the construction phase. As well, when you look at the 31-year cycle, it would be about $2.5 billion ranging from an annual low of about $9 million to $561 million annually. So it varies, based on the actual jobs that are created as we are going through. I guess one of the other ways to put it is there is about $180,000 to $11.2 million in payroll tax revenues with the rate of two percent.

CHAIRMAN (Mr. Menicoche): Thank you. Mr. Braden.

MR. BRADEN: Thank you, Mr. Chairman. My pencil isn't quite that fast. I wonder if the Minister could just walk me through some of those numbers and the years. I would like to be able to link them over the short term, say for five years. What is the potential net here? Thank you.

CHAIRMAN (Mr. Menicoche): Thank you, Mr. Braden. Mr. Roland.

HON. FLOYD ROLAND: Thank you, Mr. Chairman. The annual low is about $9 million per year going into a high of about $561 million a year. The high measurement would be as a result of the spike in if construction were to start in 2008 and go through 2009. The year 2009 would be seen as a peak year. That is when we would see that high spike, but it would range from a low of $9 million up to as high as $561 million. Thank you.

CHAIRMAN (Mr. Menicoche): Thank you. Mr. Braden.

MR. BRADEN: Thank you, Mr. Chairman. Is that net of those net figures to the Northwest Territories after allowance is made for the cost of living allowance and those other kinds of allowances? Thank you.

CHAIRMAN (Mr. Menicoche): Mr. Roland.

HON. FLOYD ROLAND: Thank you, Mr. Chairman. No, it is not. The amounts used for these estimates are based on employment income, so we break down those from that point. I will get Ms. Melhorn to give you further detail.

CHAIRMAN (Mr. Menicoche): Ms. Melhorn.

MS. MELHORN: As the Minister said, the $9 million and the $561 million are employment income numbers. At a two percent payroll tax rate at the $9 million figure, it would generate $180,000 in payroll tax. The $561 million in 2009, the peak year of employment related to the pipeline, would generate $11.2 million in payroll tax.

CHAIRMAN (Mr. Menicoche): Mr. Braden.

MR. BRADEN: Thank you. One of things to look at in this is the...I guess the perception that I had, Mr. Chairman, I don't know to what degree this was shared...By setting ourselves up now with the two percent payroll tax, we are anticipating that the pipeline will come along, and it will be a significant bulge in payroll tax revenue to the Northwest Territories. Given that anticipation, we could see potentially, according to the numbers, about $11 million if that happens. Otherwise, the actual level of revenue we see is, all things given, relatively low, in the $1 million to $2 million neighbourhood I am anticipating, after the offsets. Is this really a significant part of our overall taxation picture? Is it something that we should continue to bank on? I am an optimist on this one, Mr. Chairman. I am optimistic that we will see a pipeline. Given the impact that we will see off this payroll tax and that workforce, I think that it is something that we should go ahead with, but I am asking these questions just to get an idea of the scale. The Northwest Territories has a budget of over $1 billion now. If our net revenue with today's economy is in that neighbourhood of $1 million or $2 million, I just want to make sure that I understand that scale. It is not a significant piece of our overall revenue package right now. If we needed to find $1 million or $2 million we could probably go into some of our spending programs and see if we could salvage it there. So as I say, I'm optimistic that we will get some tangible and substantial benefit from this, but it's

based largely on that expectation of a pipeline and more economic activity. Perhaps I'll just leave it there for now, Mr. Chairman, and see if the Minister and his officials have any challenge or comment if I sort of have the right fix on this. Thank you.

CHAIRMAN (Mr. Menicoche): Thank you very much, Mr. Braden. Mr. Roland.

HON. FLOYD ROLAND: Thank you, Mr. Chairman. Mr. Chairman, the increase of one percent alone in the payroll tax would generate just about $14 million. Because a decision of the government, in consultation with Members as we began our process as Members of the 15th Assembly to not impact northern residents, we have chosen to lower the two lowest tax brackets, and that loses almost $8 million. Again, the cost of living tax credit, which is another cost of over $2 million, we significantly drop our revenue potential and the decision, again, trying to mitigate the cost for lower income families in the Northwest Territories. The majority of what we calculate, for example, if these were to be implemented for the full 2004-05 year, we would see approximately $2.7 million, and the majority of that -- about $1.8 million -- would come from fly-in/fly-out workers. So we're estimating going forward in the 2005-06 year, and this without a pipeline, we're looking at about $3.3 million on this one percent increase.

We are, as I stated earlier, coming back to Members of the Assembly to stay we've made a commitment, we're going to find money within to reduce the cost of government, and those will be coming forward. But as Members are aware, as recently as just passing the budget, there was call for more money to be put in the budget, and $1 million can affect a number of programs. So we're into that situation, we're looking at it and coming up with plans for the business plan process, but I have informed the staff that we're going to make a presentation to AOC and look at areas where we think we can start pulling back on or identifying $20 million for reduction next year. Thank you.

CHAIRMAN (Mr. Menicoche): Thank you very much, Mr. Roland. Mr. Braden.

MR. BRADEN: Thank you, Mr. Chairman. I have a few other areas I would like to ask. I've had a bit of a swing at it, and I'm quite happy to rotate to other Members. Thank you.

CHAIRMAN (Mr. Menicoche): Thank you very much, Bill. Ms. Lee.

MS. LEE: I just have a short question and it has to do with the impact of a combination of these tax measures on the top tier income bracket. Mr. Minister, I appreciate the fact how much tax people pay depends a lot on their circumstances, as well as it's not just a matter of the gross income. I'm wondering if you could provide information on impact of a typical income earner in a high income bracket. I had a chance to talk to an accountant following the last session, where the information was given to me that with a combination of payroll tax and changes in the tax credit and the tax increase, that a family with two income earners where both belonged to the higher income bracket, these combined measures could cost as much as $2,000 a year in terms of an increase in taxes or a decrease in tax credit. Is that a possible scenario for those who are just

general wage earners without anything extraordinary in terms of deductions or whatever variables that could go into calculating tax? Sorry; I can't be any more specific, but I will be satisfied in knowing if it's possible to have that sort of outcome. Thank you.

CHAIRMAN (Mr. Menicoche): Thank you, Ms. Lee. Mr. Roland.

HON. FLOYD ROLAND: Thank you, Mr. Chairman. We did provide information to Members on a number of scenarios, based on taxable income. I believe the high end we provided was $108,000, if I'm correct. I'm trying to recall this off the top of my head. If somebody had taxable income of over $108,000, they would be over $800 a year potentially. So if you had two incomes in that range then, yes, you could be getting close to that area, but you would be looking at over the $100,000 mark of taxable income. As well, I guess we should point out it depends on if it's self-employment. There are so many different little scenarios that kick in here. Anybody who is self-employed, in fact, would benefit from the changes. But if you're employed by someone else, then you end up paying more in the higher tax bracket. Thank you.

CHAIRMAN (Mr. Menicoche): Thank you, Mr. Roland. Ms. Lee.

MS. LEE: Could I just narrow down that example to a couple who makes $85,000 each on an income bracket that we have and taxation rates, how much would the net increase be when all these measures are taken into consideration: a two percent increase; a one percent increase in payroll tax; and an increase in...Or maybe their tax credit will stay the same, then increase in tax. What would the net difference be? Thank you.

CHAIRMAN (Mr. Menicoche): Thank you. Mr. Roland.

HON. FLOYD ROLAND: Thank you, Mr. Chairman. Again, I believe in the package we put out one of the scenarios was someone in the $85,000 range. We did some examples and it depends on your taxable income, is what it breaks down to. So I guess I should ask the Member, is $85,000 the taxable income or the gross income?

CHAIRMAN (Mr. Menicoche): Ms. Lee.

MS. LEE: Thank you, Mr. Chairman. I believe it's gross income.

CHAIRMAN (Mr. Menicoche): Mr. Roland.

HON. FLOYD ROLAND: Thank you, Mr. Chairman. Mr. Chairman, one of the examples, I guess if you looked at it, and maybe I'll have either Ms. Melhorn or Mr. Monroe provide details, but an example we used is $65,000 of taxable income. There's a breakdown of what is existing, what's proposed, and the net difference of those. According to the numbers we've used, if an individual earns $65,000 wage base source, the total difference would be about $62.

CHAIRMAN (Mr. Menicoche): Mr. Monroe.

MR. MONROE: If I understood the question correctly, it may have already pertained to the previously passed income tax change also and I don't have any of that information in front of me, so we would have to get back with that. As the Minister said, the examples that we have just on the changes that are in front of us today show that, for example, an individual with wage based income of $65,000 -- this is a hypothetical individual, some might be more or less than this -- would come out about $62 ahead. Somebody making $110,000 from wages pays about $297 more in tax under these two changes that are being looked at today. So we would have to come back with the numbers I think.

CHAIRMAN (Mr. Menicoche): Mr. Roland.

HON. FLOYD ROLAND: Thank you, Mr. Chairman. Mr. Chairman, we did, through the information of the budget address, attach the impact of high income impact as well on the tax changes. So somebody making taxable income of $88,000 would pay an additional $108 per year. So the example used is taxable income of $88,000 would pay an additional $108 a year. So you take that and attach it to what we're providing here, because the examples we also used were low income, middle income, and then the high income wage base sources as well as non-wage based, that being self-employed. If you look at the $110,000 example; $110,000 wage base would be your gross...No, it would be a few dollars out because I don't have the exact figures here. But if you used $110,000 gross salary, your taxable income could fall in the range of let's use the figure of $88,000. So in the case of somebody earning $110,000 wage base, you look at the change of the payroll tax, the cost of living tax credit and the reduction of the personal income tax. When you look at it, the net difference would be about $297 more annually, and then you add the other change of $108 on top of that, so you're looking at about $400 difference. Again, there are so many different things that plug into here about if you have other deductions you can apply to these. These are using the basic deductions we have available. Thank you.

CHAIRMAN (Mr. Menicoche): Thank you, Mr. Roland. Ms. Lee.

MS. LEE: Thank you. Could I just get confirmation that the figures the Minister is giving is taking into consideration all the tax measures that were introduced in the Minister's budget, including the bills that were passed in the last session? Thanks.

CHAIRMAN (Mr. Menicoche): Thank you. Mr. Roland.

HON. FLOYD ROLAND: Thank you, Mr. Chairman. Yes, it does take into account all of the differences. For example, the $88,000 taxable income is the impact of the increases we gave on the high end. So that's $108 annually is our estimate. Then you take in the example that we're just giving you here that the impact of the change in the payroll tax increase, then the cost of living tax credit and the personal income tax

dropping in the two lower tax brackets, somebody making $110,000 annually would pay an additional $297.

CHAIRMAN (Mr. Menicoche): Mr. Delorey.

MR. DELOREY: Thank you, Mr. Chairman. I don't have a lot of comments to make on this; not that I agree with taxes for sure. I have my concerns about any new taxes affecting the cost of living in the Territories to anybody. Every worker in the Territories at every wage level has a role to play in the Territories, how it develops in keeping the territory going. So I can't say that I am in favour of targeting one group simply because they are a little bit higher wage earner. For the most part they've gone through a lot to get to that point. I wanted to make a comment and further to that I did accept the Minister's plan that he rolled out in the budget as far as the combined effort of all the taxes that have been initiated, what we have already passed and what we're looking at right now. So whether it be in full support or partial support, I'm going to support these tax measures and I didn't need a lot of convincing of that. There's a figure in here that kind of bothers me a little bit about whether it's in here to be a hope to sell this or not. When the Minister mentions in his opening comments that the GNWT stands to generate significant payroll revenues from the Mackenzie Valley pipeline and you quote figures of how much we can stand to benefit over 31 years, I would just as soon not even see that in there. We haven't been that great at forecasting and estimating what we make over a year or two years when we look at what we talked about making on the corporate tax thing and then what it turned out doing for us in the long run, and we sold changing tax based on the figures that were given to us. To say over 31 years that we could make $2.5 billion, I think that's...Either you have some different people looking into the crystal ball or it has somehow gotten a lot clearer.

It begs the other question, I guess. If we're saying this about payroll tax revenues from a Mackenzie Valley pipeline, I can't imagine anybody that can look at a Mackenzie Valley pipeline project that size and come up with what we can generate just on payroll tax. So I would have to ask if we tend to generate $2.5 billion on the Mackenzie Valley pipeline, how much do we tend to benefit overall over 31 years from the payroll tax and what effect does that have on the territory as a whole in revenues?

CHAIRMAN (Mr. Menicoche): Thank you, Mr. Delorey. Mr. Roland.

HON. FLOYD ROLAND: Thank you, Mr. Chairman. I guess I share the same concerns. In a previous role I played in this government, I raised concerns about estimates and that, and now I'm on this side and I still share those concerns. For the record, what we're estimating here is the total labour income. So $2.5 billion is total labour income, so we would be looking at two percent of that total labour income. As stated later on, if you look at the high end, we're looking at about $11 million or in that range. If I can, I'll have Ms. Melhorn provide a little more detail. But what's here is identified as total labour income as $2.5 billion, so we would be seeing two percent of that with this increase.

I also take the Member's comments seriously, these are estimates that we've put forward. I guess it would be incumbent on us just to state if in fact this is an income in an area we're looking at as design, the payroll tax is meant to capture the income of fly-in/fly-out workers. So that's why this area has been included. It is a serious potential we've had for a while. But, of course, if that doesn't fly, then we're working on only existing resources and that's why I pointed out to Mr. Braden earlier we're looking at about a $3 million increase for the next fiscal year. I can have Ms. Melhorn go into a little more detail on that percentage breakdown.

CHAIRMAN (Mr. Menicoche): Ms. Melhorn.

MS. MELHORN: To add to the Minister's comments, as he mentioned, the $2.5 billion is an estimate of total employment income generated by the pipeline, it's not an estimate of the payroll tax. So if we take two percent of the $2.5 billion, that's $50 million over the 30 years, which is approximately $1.6 million a year on average. But that's going to fluctuate very significantly between the spike year of 2009 when we estimate it's $11 million to years in which it's much lower than that. Those estimates of labour income are based on the estimates of the work required to construct the pipeline, the field development, the annual operating costs that have been done as part of the overall estimates of the impact of the pipeline.

CHAIRMAN (Mr. Menicoche): Thank you very much, Ms. Melhorn. Mr. Delorey.

MR. DELOREY: Thank you, Mr. Chairman. I guess that's where I have problem with it in saying $2.5 billion. I guess my problem stems from why are we even bringing the Mackenzie Valley pipeline into it. We're talking like this is about the only thing that's going to happen in 31 years in the Territories. I mean, we could have 10 operating mines by then, or whatever. If we really want to know what the payroll tax is going to be, I think this is a poor example to bring 31 years of what we can make on a pipeline, and every other thing you hear about the pipeline it's going to be a big boom for maybe a two to three-year period of construction and then very little operating a pipeline. Then it comes into the exploration, but who knows how much exploration is going to be. I have to tell you this doesn't do anything to sell the payroll tax to me, this paragraph right here, and it just may be how I'm looking at it. It comes partly from I think the job that we've done in the past I guess in estimating, what we can make off a certain initiative the government has taken. Right from the time the payroll tax was initiated had claimed to make a lot more than what it's making for government, and then it turned out that there would be administration and tax credits and it didn't bring nearly the amount of money to government as what it originally said it was going to bring to government.

I will go back to just saying that those are the comments I wanted to make around this here. I have made up my mind that I'm going to support these anyway. The only qualifier or the only thing I would put to that is I'm really looking forward to our strategic plan as to where our government is going to take an action on its own part to address the issue that we have right now. Part of the reason that I'm supporting this is the argument has been made that we have to show the federal government that we're doing

something to address our own problems. So I'm going to be looking forward to what other actions are taking place. Those are the comments I wanted to make at this time, Mr. Chairman.

CHAIRMAN (Mr. Menicoche): Thank you very much, Mr. Delorey. Mr. Roland.

HON. FLOYD ROLAND: Thank you, Mr. Chairman. Again, I just thank the Member for being straightforward in his comments. I realize and understand the concerns about estimates in the past. They do change and will continue to change as different numbers come forward from the federal government on how much is collected in going forward. As I stated earlier, we will be, in the very near future, starting to touch base with Members of what we're going to be working on in trying to secure the $20 million reductions for the upcoming process. Thank you.

CHAIRMAN (Mr. Menicoche): Thank you, Mr. Roland. Mr. Hawkins.

MR. HAWKINS: Thank you, Mr. Chair. I thank the Minister for appearing before us. First off I'll say that I completely realize why the payroll tax when I say the focus is as it is. But, of course, I'll be honest; I have yet to make a definitive position on this as I am not necessarily comfortable either way. I do have a couple questions that I would appreciate if you could answer, and they are specifically how do you see the impact of this if this bill does not proceed forward in the manner that it is being addressed today? What impact will it have and how will you address that impact if it doesn't proceed? Thank you, Mr. Chairman.

CHAIRMAN (Mr. Menicoche): Thank you, Mr. Hawkins. Mr. Roland.

HON. FLOYD ROLAND: I guess immediately we would have $3 million less next year to work with, but that would be the most immediate impact. As well, the way our tax system works, if we just went through an exercise of increasing the personal income tax brackets for the high end, the exercise we go through here in dropping the two lowest tax brackets would mean that we would not give some back to the high end. The way our tax system works is it's a progressive system, so based on your first category you are taxed the lower rate we're planning to set, then the second level we're dropping as well. In fact, the information we provided shows by giving back in those two lowest tax bracket areas, for example, the first bracket that we're intending to drop of the potential revenue we lose $3.7 million, and then again by the second bracket there's another $3.5 million that we would turn back in the sense of how the tax is calculated. So by going through that exercise we wouldn't be giving a large portion of that back; well, actually any of it because we wouldn't change the lowest income amounts or taxable amounts. So that would be another impact.

Of course going to your higher levels of your tax brackets, it's not going to be as significant on the higher income, but there is still impact to them because of the way it is calculated.

CHAIRMAN (Mr. Menicoche): Thank you, Mr. Roland. Mr. Hawkins.

MR. HAWKINS: Thank you, Mr. Chair, and thank you, Mr. Minister. What exercises have been done to observe that potential of it not passing, and looking at where the impacts will be recognized and where adjustments can be made, if it does not pass, that is? Have you searched out projects to be identified to be pushed back further, things like that specifically to a particular project, program or something of that nature? Thank you, Mr. Chair.

CHAIRMAN (Mr. Menicoche): Mr. Roland.

HON. FLOYD ROLAND: Thank you, Mr. Chairman. We are not at the stage yet of identifying specific programs or projects that would be reduced as a result of this not going forward, it would just add to the fact that we'd have to find another $3 million on top of the $23 million that we have identified as a government. We have looked at incorporating this going forward, so we would have to find another $3 million annually going forward. So it is something that is there. As I stated, we're in the process of identifying areas that we feel we can look at, and have sent departments instructions to those areas that they sort of need to prepare some of their work so we can sit down as a Cabinet and come to committee with ideas of where we think we can try to find this $20 million. Thank you.

CHAIRMAN (Mr. Menicoche): Thank you. Mr. Hawkins, any comments?

MR. HAWKINS: Thank you, Mr. Chair, and thank you, Mr. Minister. Industry has written us a letter, a couple of groups have come together and they have cited some concerns on bringing forward, if I may just lump them together, we'll say a skilled workforce and their concern on the fact that adding this tax has created more so, in the sense of a difficult environment to continue to hire and attract skilled labour to this area. This is yet just one more straw on the camel's back. Has your department looked into that aspect? Are you prepared to deal with that type of one more straw on the camel's back? What strategy with any other department, if you are, in order to help incorporate that, noting that the difficulty of attracting a skilled workforce has been a problem for some time, yet this could potentially add just that one more straw as I've cited? Thank you, Mr. Chairman.

CHAIRMAN (Mr. Menicoche): Thank you, Mr. Hawkins. Mr. Roland.

HON. FLOYD ROLAND: Thank you, Mr. Chairman. The work that we've done is purely around the taxation area in comparison to other jurisdictions, and right now with these increases, I believe the total impact of all the tax measures if this were to be implemented, we would still be I believe it's fourth or fifth in comparison to other jurisdictions of total taxes. Again, we have provided that to Members. I believe with the total impact of these changes we would be about 43.5. By adding the additional payroll tax about 44, but still we'd find ourselves about fourth or fifth on the mark of comparison to other jurisdictions when you talk about total tax on residents. Thank you.

CHAIRMAN (Mr. Menicoche): Thank you very much, Mr. Roland. One more comment, Mr. Hawkins.

MR. HAWKINS: Thank you, Mr. Chairman. Thank you, Mr. Minister. I guess to wrap up the last comment just quickly, will this withstand the test? What research has your department done to ensure that this withstands the Bell weather test against Canada or any other challenge that we continue to increase the payroll tax? Have you done any investigation to confirm that this is not unconstitutional in some way, to continue to single out a specific group, narrow it down, et cetera? Thank you, Mr. Chairman, for my final question.

CHAIRMAN (Mr. Menicoche): Mr. Roland.

HON. FLOYD ROLAND: Thank you, Mr. Chairman. Mr. Chairman, we have done some exercise just in our own shop of looking at how much we can change, and feel that the federal government will go along with these changes. There have been calls in the past of actually increasing this much more significantly and trying to give it all back to northern residents and really target the fly-in/fly-out workers. At that point we felt that it would not be able to proceed because we would be pushing the envelope too far. Two percent we feel that the federal government is willing to proceed and continue collecting for us, and we're hoping that that continues. We feel confident that in fact with this one percent increase that Canada Revenue Agency will continue to collect on our behalf.

CHAIRMAN (Mr. Menicoche): Thank you very much, Mr. Roland. Mr. Ramsay.

MR. RAMSAY: Thank you, Mr. Chairman. I don't profess to be a tax expert, so I'm going to ask a couple of questions around exactly what the impact is of increasing the payroll tax from one percent to two percent. I know there's a tax credit that comes as a result of that too, and an increase to that. But let's just say for argument's sake you make $100,000 a year, you have $100,000 in taxable income. At one percent you're paying $1,000, at two percent you're paying $2,000. I know the Minister has taken the figure of $88,000 in taxable income and the fact that you're only actually going to see an increase of $108 on a yearly basis in terms of what taxes you're paying. But if you're going from one percent to two percent and doubling that $880 to $1760, maybe the Minister could give us a diagram or some kind of vehicle to see exactly how it is that even though you're doubling the payroll tax, at $88,000 you're only going to be paying $108 more a year. I just wonder how that formula works.

CHAIRMAN (Mr. Menicoche): Thank you very much. Mr. Roland.
HON. FLOYD ROLAND: Thank you, Mr. Chairman. I believe we provided that in another presentation, but we can make copies of what we have here of examples. It gives examples of low income to mid income to high income of self-employed, in a sense, or taxable income. We could potentially have two individuals making the same amount of income, but one being self-employed who would actually gain out of this by the cost of living tax credit. Whereas somebody who had taxable income and was

employed for someone else would actually lose some money. So we're making copies of that and we'll have it distributed and provide Members with a little more clarity on the situation. But it really comes down to if you have taxable income of $100,000, give or take a few thousand, I would have to ask the people here to break it down. If you made $110,000 total income what would that equal to taxable income, because of the source deductions, for example your northern allowance and so on that would be first taken off. Mr. Monroe or Mr. Gagnon can give you a little more breakdown on that.

CHAIRMAN (Mr. Menicoche): Thank you very much. Mr. Gagnon.

MR. GAGNON: The samples that they will be seeing deal with an individual that earns $110,000 both in wage base source, and I also had an example of where a person receives that amount on non-wage base source, because that has an impact on whether you are obliged to pay the payroll tax. On $110,000 if it's all wage base, you're correct that we will be seeing an increase in payroll tax of $1,100. But that being said, when you file your income tax return at the end of the year you will see an increase in your cost of living tax credit by $120. In addition, because we are lowering the lowest two tax bracket rates, you will also see a reduction in your personal income tax that you pay of $683. The net is an increase burden of $297 a year.

CHAIRMAN (Mr. Menicoche): Thank you very much. Mr. Ramsay.

MR. RAMSAY: Thank you, Mr. Chairman. Thanks, Mr. Gagnon, for that explanation. In the case when you're dealing with taxes everybody is in a different type of position, so I guess what I just want to prepare myself for is if you get questions from constituents on what's the impact going to be on my situation or the individual's situation, you better be ready to be able to at least somewhat answer that question in terms of what it's actually going to cost. The difference between whether you're self-employed or whether you're in the wage economy is a big difference. Thank you, Mr. Chairman. Thank you, Mr. Minister and Mr. Gagnon for that. I look forward to answering questions from constituents now. Thank you.

---Laughter

CHAIRMAN (Mr. Menicoche): Thank you very much, Mr. Ramsay. I have no one else on the list, although the floor is still open for enquiries and questions. Mr. Braden.

MR. BRADEN: Thank you, Mr. Chairman. A few more questions and I think these are more of a technical nature than the bigger brush ones I was asking earlier. A consequence of the NWT raising its own revenues in some areas can be that Ottawa will claw some of this back, penalize us. We also know this is the perversity factor. Is there any of that kind of consequence attached to our efforts to increase payroll tax revenue? Thank you.

CHAIRMAN (Mr. Menicoche): Thank you. Mr. Roland.

HON. FLOYD ROLAND: Thank you, Mr. Chairman. Mr. Chairman, by increasing our own source revenues -- this would be considered our own source revenues -- it in fact would be of benefit to us in the Northwest Territories, because right now we're penalized on the fact that those in Ottawa that have control feel that we do not tax at a comparable rate to other citizens of Canada. So by increasing our own source or increasing our own taxes, we in fact narrow that gap and take less of a penalty. So from a tax effort side it's a positive, it's a plus for us and, in fact, going forward would help us in that calculation. Saying that, we're already hearing of other jurisdictions raising their taxes. So when we think we're getting ahead, it depends on how much they raise their taxes. Ontario is talking about a health premium again, and that would be incorporated into tax effort and then have a spill down effect. So there are a lot of intricate tie-ins with other jurisdictions and impacts to us. But specifically for our measure, that the numbers we have today and based on our work around tax effort on the numbers we're working with with Ottawa, confirmed numbers, increasing our own tax rates, our own source revenues would in fact benefit us because we lessen that gap of what we're penalized on on tax effort.

I believe Members now have that handout that gave the example of the individual earning $110,000. That's example number six. Just so that when Members get the questions, it shows the current payroll tax of somebody making $110,000 of $1,100, the cost of living tax credit of $822, and then the payroll tax as it is now would be $9,128 personal income tax. The proposed would be an increase of one percent, so $2,200. Your cost of living tax credit is now $942, less the reduction of $8,445. When you transfer those across the line, we see a net impact of $297 to the negative for that individual. So that's how when you go through it, you go across and do the comparisons and see the differences. Thank you.

CHAIRMAN (Mr. Menicoche): Mr. Braden.

MR. BRADEN: Okay, thank you. I appreciate the information and supplying these examples again. They are very clearly laid out here. They look like everything adds up. Something I was wondering about, Mr. Chairman, was whether any of these scenarios were also vetted by any independent tax specialists outside of the government just to get a check to corroborate what the government is telling us. Anything of that supportive nature? Thank you, Mr. Chairman.

CHAIRMAN (Mr. Menicoche): Mr. Roland.

HON. FLOYD ROLAND: Thank you, Mr. Chairman. We have our tax experts who put this work through the system and feel that we're quite comfortable with the scenarios that we've used, it would be accurate. Again, for each individual that files they have different deductions that they could apply, whether it's RRSP, education, child care. There are so many different little things that plug in. This scenario is given as the basic numbers that we have and just going on that. You could probably talk to 10 individuals making that identical amount of income and get 10 different answers. We've used the

very basic numbers, and maybe I'll have Mr. Gagnon sort of lay out the case that was used in developing these numbers.

CHAIRMAN (Mr. Menicoche): Mr. Gagnon.

MR. GAGNON: Thank you. What we did is because there are so many different circumstances an individual can have, we took a sample person. I don't know if you received our first page of this which had example one on it, but the taxpayer we used was a person that claims their $5,475 residency portion for the northern residents deduction, as well as claims their basic personal CCP and EI non-refundable credits. That's the only credits these individuals drew upon. Mr. Minister explained that there are other things that could affect this, such as whether your income is pension income where you don't pay payroll tax but still would receive the credit. It goes on and on and on. So this is how we developed our analysis.

CHAIRMAN (Mr. Menicoche): Thank you, Mr Gagnon. Mr. Braden.

MR. BRADEN: Thank you, Mr. Chairman. One other question. From the employer's side now, what is the process for collecting the payroll tax? Specifically, how frequently do we collect from employers? Thank you, Mr. Chairman.

CHAIRMAN (Mr. Menicoche): Mr. Roland.

HON. FLOYD ROLAND: (microphone turned off) ...as to the frequency of collections.

CHAIRMAN (Mr. Menicoche): Thank you very much. Mr. Gagnon.

MR. GAGNON: The frequency of reporting and remitting payroll tax is in the payroll tax regulations. We aren't proposing to change that, but the cycle is basically if you have a very large payroll you will collect and remit to us on a monthly basis. I can't remember what the thresholds are, but it breaks down into if you're a big or smaller company, it's semi-annually or quarterly. It's quarterly, semi-annually, and annually for very small payrolls. The bulk of our revenues do come from large group payroils.

CHAIRMAN (Mr. Menicoche): Thank you very much. Mr. Braden.

MR. BRADEN: I just wanted to check, did I hear Mr. Gagnon correctly that the government is not proposing to change that schedule? Thank you.

CHAIRMAN (Mr. Menicoche): Mr. Roland.

HON. FLOYD ROLAND: Thank you, Mr. Chairman. That is correct, we're not planning to change the schedule. All we're doing is just changing the amount. For the record, as we've heard a couple of times now, one of the areas that would not be impacted by these changes is pensionable income. So seniors on pension would not be impacted by the payroll tax changes. They would get the benefit of the cost of living tax credit

side of it, so there is that side of it. So anybody who is pensionable income would not be impacted by the increase in the payroll tax, but they would get a benefit from the other changes like the cost of living tax credit. Thank you.

CHAIRMAN (Mr. Menicoche): Thank you very much, Mr. Roland. Are there any more questions or concerns from committee? With that, we will conclude the Minister's presentation. Thank you very much for answering our questions and enquiries, Mr. Roland.

HON. FLOYD ROLAND: Thank you, Mr. Chairman. I, as well, thank the committee for going through this process, and I look forward to continuing with this work. If there are further questions or comments or clarification, I'd be glad to provide that for the Members. Thank you.

CHAIRMAN (Mr. Menicoche): Thank you very much. At this time we have one more presenter in the audience: Ms. Barbara Hood from the NWT Seniors' Society.

Presentation By NWT Seniors' Society

MS. HOOD: On behalf of the NWT Seniors' Society I would like to thank you for the opportunity to provide this submission during the public review of Bill 6, An Act to Amend the Payroll Tax Act, 1993 and the Income Tax Act. I will apologize initially that Bea Campbell who lives in Fort Smith is not able to give this presentation.

I would like to provide some background for my submission. Members of our board of directors met with the chairperson of the Ministers' Advisory Committee on Personal Income Tax and the Standing Committee on Governance and Economic Development a couple of years ago. They also made a written submission to the chairperson of the Standing Committee on Governance and Economic Development in July 2001.

The NWT Seniors' Society does not have the capacity to carry out independent research in this specific area being discussed today, and as everybody was asking questions and we were going through here it became obvious to me it's so complicated that I wonder how much information any of us have on this.

We as an organization must rely on the expertise and resources within all levels of government to provide accurate information. We ask that in your work you consider how changes in legislation in one area can impact other areas. Ultimately we ask special consideration for those people in the North who must survive on a fixed low income, often below the poverty level.

As an organization with representation through the North and a 21-year history in this jurisdiction, we do speak on behalf of older adults from Tuktoyaktuk to Fort Smith. We will present our concerns and identify how changes to the government structures can have a negative impact on the constituents we represent. Our submissions in the past have focussed on the difficulties encountered by seniors and older adults who are trying

to live on a fixed income. In addition to the obvious difficulties faced by people in every age group, older adults are particularly disadvantaged. Some older adults with low incomes, seniors and elders cannot usually improve their financial situation by training, employment or other ways, yet they must pay the same prices as others for staple nutritional food, fuel, transportation and housing. In your decision-making, please consider that one outcome of the payroll tax increases will be the increased costs transferred to the consumer, and older adults are consumers and contribute to the system in many ways. We, therefore, make the following recommendations.

The NWT Seniors' Society supports looking at other avenues to raise revenue; in particular, the ongoing discussions with the federal government to increase the resource sharing base. Although I cannot cite specific research to support this statement, we know that often when taxes are increased, the impact at the broader consumer level far exceeds the percentage of increase to the individual.

The second one is the NWT Seniors' Society also supports a reduction in clawbacks applied because of the income thresholds used by many programs and government levels. The system should eliminate any disincentives. What we're talking about here are federal and territorial programs that are outside of the Income Tax Act. We would ask that you ensure that with your work, that you dedicate yourself to increasing independent and quality of life for older adults. Many older adults are prohibited from contributing and supplementing their pensions, because GIS, GST and NWT seniors' supplement payments are reduced when they earn over the established income threshold for each program. Making changes like this will undoubtedly require further consultation and coordination with federal government programs and services. In addition, income thresholds can be used to the disadvantage of older adults when they are used to determine eligibility for some GNWT programs; in particular, when considering whether an older adult qualifies for benefits with the Housing Corporation or local housing authorities. Household income can be highly inflated when older adults must declare all income received by earners in the household. This is not disposable income for the older adult. Also costs of food, transportation and services are not considered. This is your cost of living. There is a huge difference, as we know, when we look at our income tax form and compare gross and net incomes. Older adults cannot continue to bear the burden of living in the North without some exemptions or special considerations.

In number three we're speaking about looking at that side of the balance sheet where the government could look at cutting expenditures. We would like to promote exemptions and special consideration for older adults who are making less than $20,000 a year. Federal and territorial research shows that single females who do not participate in the workforce, dropped out during child rearing years, or who earn far less than their male counterparts in the workforce are receiving less than $12,000 a year. Life is pretty complicated, but not in the same way that we talked about here when you're only making $12,000 a year. It is an impossible struggle to try to balance, and often there are tradeoffs: nutritional food, heating fuel or special devices or supports. So we would encourage that the government look at how we can balance and how we

can cut expenditures like we do in our own budgets every year, and seniors are very used to doing that, or forced to do it in some cases when they retire.

Our fourth and final recommendation is that NWT seniors would like all government departments to coordinate benefits to older adults and consider the tax implications when changes are made to programs which were to provide a non-taxable benefit. This is kind of also outside of the Income Tax Act and Payroll Tax Act, but one example of this is the proposed changes to the seniors' fuel subsidy program. That program is moving to a cash payout twice a year for fuel. This benefit has always been non-taxable. Will it remain non-taxable when the older adult receives a cash payment for the fuel? This is just one example where interdepartmental coordination and ongoing consultation with the consumer group affected by these changes is required and should be mandatory by this government.

Finally, it is our belief that no organization, be it government or otherwise, support any structure that further abuses or causes hardship for any senior. No senior in this jurisdiction should spend their final days scrambling to pull themselves above the poverty line.

I would entertain questions, and keeping in mind I'm not a tax expert and it's complicated, I know. I thank you for your time and consideration. I know some of this sounds as though it should come before a committee of social programs, but in order to give a clearer picture, I think it's important and valid to bring across some of these examples in your consultation.

CHAIRMAN (Mr. Menicoche): Thank you very much, Ms. Hood. Does committee have any comments or questions? Mr. Ramsay.

MR. RAMSAY: Thank you, Mr. Chairman. I just wanted to start off by saying thank you very much for your presentation and for appearing before us today. I listened with great interest to your presentation, and share a lot of the same concerns as you raise in here. You were in the audience when I gave my comments about Bill 6 and my feelings on it. One of the good things about it, I guess, is the fact that lower income earners, people on fixed incomes, aren't going to be affected by the changes. So that's one good thing. I've been fighting tax increases and cost of living increases since I've been involved in politics, that's at the city level and now here at the Legislative Assembly, and I will continue to do that. I just wanted to mention to you that I appreciate the comments. Any tax increase, whether it's at the lower levels of income or the higher levels is, I think, the wrong thing to do. As you cite in here, there are other areas of our operation that I do believe that we haven't had a solid look at in terms of trying to cut our expenditures. I have only been here six months, so I plan on doing that coming up through the business planning process that we're going to be going through in the fall. Thank you very much for your presentation, I appreciate it.

CHAIRMAN (Mr. Menicoche): Thank you very much, Mr. Ramsay. Mr. Braden.

MR. BRADEN: Thank you, Mr. Chairman, and to the delegation from the seniors' organization. I am very pleased to have you here and your input on this. The question I would like to ask is I'm looking for some indication in here as to whether the organization is asking us to consider supporting this bill, or is there opposition to it? There's a lot of very good comment in here. I'm just wondering is there a definite position that you would like us to carry into the Assembly on this bill. Thank you.

CHAIRMAN (Mr. Menicoche): Thank you, Mr. Braden. Ms. Hood.

MS. HOOD: Thank you, Mr. Chairman. I haven't had an opportunity to canvass all of my board of membership about whether we would support or not support it. I think what we'd want to be clear on is that we need to balance revenue and expenditures, we need government to look at ways to cut back, and not commit us anymore to long-term programs. We would like to see a commitment from government to involve us in their processes when they're making decisions about taxable benefits. Initially in 2001, I think we were clear that we wanted to see some benefit to the cost of living clauses and that sort of thing. Two or three years later, while the payroll tax won't affect pensioners, I think what we want government to be aware of is that the cost of living is going to increase, and the cost of living credits that we were talking about two or three years ago probably will not now stand the test that they would have two or three years ago. Two or three years ago when we said increase the credits to people in low income areas, we didn't know that there was going to be this coming forward, and neither did anyone else in all fairness. But if there's another one percent tacked on, we know transportation, fuel and food are going to cost more, and the credit that you're giving to low income people is not going to keep up with that. So we're continually scrambling as a pensioner to keep up, keep up, keep up. I don't know with what you're proposing now the benefit is going to be very great for the pensioner. That's kind of round and round, I guess; sorry. There are so many considerations that I don't know that one can say yes, we support; no, we don't support. We were just asking for considerations of these things from people who are wiser than we are, and I'll ask Esther if she would like to speak about that.

MRS. BRADEN: Barb said it very well, what we have tried to support in the past. I think the older people, pensioners especially, understand that changes have to be made if we're going to keep up with the kinds of things that we hope will happen for the Northwest Territories, that there will have to be an increase. I think our big concern is that they take us into consideration when it comes to making the decisions. We would like very much to see the various departments that are involved with seniors -- the housing, health and social services and so on -- would coordinate better the kind of approach that is used now. There is so much fragmentation of what each department is trying to do, and this is probably not within what you people are supposed to be doing, but I think it all sort of figures in the overall picture. So when it comes down to decision-making and so on, I do hope that they keep the Seniors' Society and the representatives from the regions involved.

We've been around 20 years, I do think we have a place in society and in the North and we would like to see it continue. Thank you. I'm sorry that our president is not here, but there's a bit of an expense involved in bringing people in from Fort Smith.

CHAIRMAN (Mr. Menicoche): Thank you very much, Esther. Are there further comments or concerns from the committee with regard to the presentation? Mr. Delorey.

MR. DELOREY: Thank you, Mr. Chairman. Not a lot of comments on the presentation, I just wanted to thank the delegation for making the presentation to us. For some of us, the ranks of senior is approaching quite rapidly...

---Laughter

...so we have your concerns to heart, and none of us, I am sure, want to see the cost of living increase to any of our residents, but in particular our seniors, to make life as bearable and enjoyable in the senior years. Some of these taxes, when I looked at them and did take into consideration some of that, I don't see these ones as being drastically affecting a lot of seniors, because is some places it actually gives them a little bit more benefit, for that matter. I wish we had some way of controlling some of the other taxes that are coming at us right now that we can't control, like the price of gas and that sort of thing. But again, just to say that for myself anyway, we have the seniors in mind quite often when we're looking at these types of initiatives. Thanks again for your presentation.

CHAIRMAN (Mr. Menicoche): Thank you very much, Mr. Delorey. At this point I would like to thank Ms. Barbara Hood and Mrs. Braden for taking the time to come here, and thank your president for making a presentation to this important function of government that we're providing here today. Thank you very much for coming.

MS. HOOD: Thank you.

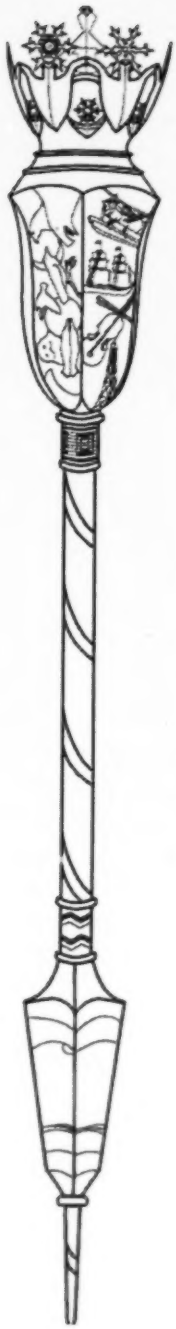
MRS. BRADEN: Thank you.

CHAIRMAN (Mr. Menicoche): At this point I don't see any further presenters in the public. Our next meeting will be tomorrow morning, Friday, May 21st, at 9:00 a.m. It will be the clause-by-clause review with the Minister of Finance, and it's open to the public as well. With that, we will adjourn AOC for the rest of the day. Mr. Ramsay.

MR. RAMSAY: Thank you, Mr. Chairman. I know from the agenda that we had earlier today we had a few other items on that agenda, and I was wondering if we were going to wrap this portion of the meeting up, maybe take a short break and get back and complete those remaining items, or were we going to look at those tomorrow?

CHAIRMAN (Mr. Menicoche): No, I believe we agreed to conclude those today. Maybe we'll take a break and then reconvene in camera at 3:30.

---ADJOURNMENT



Northwest Territories Legislative Assembly

Standing Committee on Accountability and Oversight

Public Review of Bill 6,
An Act to Amend the Payroll Tax Act, 1993
and the Income Tax Act

Chair: Mr. Kevin Menicoche, MLA

STANDING COMMITTEE ON ACCOUNTABILITY AND OVERSIGHT

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Mr. Kevin Menicoche, MLA, Nahendeh

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Mr. Bill Braden, MLA, Great Slave
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Ms. Sandy Lee, MLA, Range Lake
Mr. Robert Villeneuve, MLA, Tu Nedhe

Witnesses

Hon. Floyd Roland, Minister of Finance
Ms. Margaret Melhorn, Deputy Minister, Finance
Mr. Gerry Gagnon, Manager, Tax Policy, Fiscal Policy, Finance
Ms. Rebecca Veinott, Registrar of Regulations, Legislation Division, Justice

Committee Staff

Mr. Doug Schauerte, Committee Clerk
Ms. Karen Lajoie, Deputy Law Clerk
Ms. Colette Langlois, Director of Research

STANDING COMMITTEE ON ACCOUNTABILITY AND OVERSIGHT
Review of Bill 6, An Act to Amend the Payroll Tax Act, 1993
and the Income Tax Act
May 21, 2004
Committee Room "A"
9:50 a.m.

CHAIRMAN (Mr. Menicoche): Good morning, everyone. We will resume the Standing Committee on Accountability and Oversight public review of Bill 6, An Act to Amend the Payroll Tax Act, 1993 and the Income Tax Act. We are prepared for a clause-by-clause review. Minister Roland, do you have any comments you would like to provide to committee?

HON. FLOYD ROLAND: Thank you, Mr. Chairman. For the record, I will introduce who I have with me here. To my immediate left is Deputy Minister Margaret Melhorn; further to my left is Mr. Gerry Gagnon, manager of tax policy; and to my immediate right is Ms. Rebecca Venoitt from the Department of Justice. I would just like to thank the committee for their work in reviewing An Act to Amend the Payroll Tax Act, 1993 and the Income Tax Act and we look forward to concluding this and bringing it into the House. Thank you.

CHAIRMAN (Mr. Menicoche): Thank you, Minister Roland. For the record, we had a public meeting yesterday afternoon and we heard from Ms. Barbara Hood from the NWT Seniors' Society and we had a written submission from Mr. Mark Walker, president, NWT Chamber of Commerce; Mike Vaydik, general manager of the NWT/Nunavut Chamber of Mines; as well as Don Worrell, executive director of the NWT Construction Association.

That being said, we will proceed into clause by clause. Does the committee agree?

SOME HON. MEMBERS: Agreed.

CHAIRMAN (Mr. Menicoche): Bill 6, An Act to Amend the Payroll Tax Act, 1993 and the Income Tax Act. At this point, we will stand down consideration of clauses 1 and 2 and go to the schedules first. Does the committee agree?

SOME HON. MEMBERS: Agreed.

CHAIRMAN (Mr. Menicoche): Schedule A, amendments to the Payroll Tax Act, 1993.

SOME HON. MEMBERS: Agreed.

CHAIRMAN (Mr. Menicoche): Schedule B, amendments to the Income Tax Act. Mr. Delorey.

Motion To Amend Schedule B Of Bill 6, Carried

MR. DELOREY: Thank you, Mr. Chairman. Mr. Chairman, I move An Act to Amend the Payroll Tax Act, 1993 and the Income Tax Act, that clause B of Bill 6 is amended by

a) deleting the heading part I preceding item 1 and

b) by deleting part II

CHAIRMAN (Mr. Menicoche): The motion is in order. To the motion.

SOME HON. MEMBERS: Question.

CHAIRMAN (Mr. Menicoche): Question has been called. All those in favour? All those opposed? The motion is carried.

---Carried

Schedule B has been amended. As amended, agreed?

SOME HON. MEMBERS: Agreed.

CHAIRMAN (Mr. Menicoche): We will return back to clause 1. Bill 6, An Act to Amend the Payroll Tax Act, 1993 and the Income Tax Act, clause 1.

SOME HON. MEMBERS: Agreed.

CHAIRMAN (Mr. Menicoche): Clause 2. Mr. Delorey.

Motion To Amend Clause 2 Of Bill 6, Carried

MR. DELOREY: Thank you, Mr. Chairman. Mr. Chairman, I move that An Act to Amend the Payroll Tax Act, 1993 and the Income Tax Act, that clause 2(2)(3) and (4) of Bill 6 are deleted and the following is substituted:

(2)(1) and Schedule B come into force on January 1, 2005.

CHAIRMAN (Mr. Menicoche): The motion is in order. To the motion.

SOME HON. MEMBERS: Question.

CHAIRMAN (Mr. Menicoche): Question has been called. All those in favour? All those opposed? The motion is carried.

---Carried

Clause 2 has been amended. Clause 2, as amended?

SOME HON. MEMBERS: Agreed.

CHAIRMAN (Mr. Menicoche): To the bill as a whole, as amended?

SOME HON. MEMBERS: Agreed.

CHAIRMAN (Mr. Menicoche): Does the committee agree that Bill 6 is ready for consideration in Committee of the Whole, as amended?

SOME HON. MEMBERS: Agreed.

CHAIRMAN (Mr. Menicoche): Ms. Lee.

Motion To Reprint Bill 6 As Amended And Report To Committee Of The Whole For Consideration, Carried

MS. LEE: Mr. Chairman, I move that Bill 6, An Act to Amend the Payroll Tax Act, 1993 and the Income Tax Act, be reprinted as amended and reported to the assembly as ready for Committee of the Whole.

CHAIRMAN (Mr. Menicoche): The motion is in order. To the motion.

SOME HON. MEMBERS: Question.

CHAIRMAN (Mr. Menicoche): Question has been called. All those in favour? All those opposed? The motion is carried.

---Carried

The motion is carried. For the record, Mr. Minister, do you concur with the bill as amended?

HON. FLOYD ROLAND: Yes, Mr. Chairman, I do.

CHAIRMAN (Mr. Menicoche): Thank you. Bill 6 will be reprinted and amended and reported as ready for consideration in Committee of the Whole. Thank you, Mr. Minister.

HON. FLOYD ROLAND: I would like to thank the committee for their work on this and I look forward to a final review in Committee of the Whole. Thank you.

CHAIRMAN (Mr. Menicoche): Thank you. This concludes the public hearing portion of consideration of Bill 6. The meeting is now concluded.

---ADJOURNMENT